

Message Text

UNCLASSIFIED

PAGE 01 BONN 03408 01 OF 03 241730Z
ACTION EUR-12

INFO OCT-01 EA-09 ISO-00 AID-05 CIAE-00 COME-00 EB-08
FRB-01 INR-07 NSAE-00 USIA-15 XMB-04 OPIC-06 SP-02
LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04 CEA-01 IGA-02
L-03 /106 W

-----241740 030334 /42

R 241717Z FEB 77

FM AMEMBASSY BONN
TO SECSTATE WASHDC 5903
DEPARTMENT TREASURY
INFO USMISSION OECD PARIS
USMISSION EC BRUSSELS
AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY TOKYO

UNCLAS SECTION 01 OF 03 BONN 03408

DEPARTMENT PASS FEDERAL RESERVE

E.O. 11652: N/A

TAGS: EFIN, GW

SUBJECT: INTERNATIONAL COMPARISON OF IMPORT GROWTH:
IT DEPENDS ON WHAT BASE PERIOD YOU USE

REF: BONN 2674, BONN 3038

1. IN ORDER TO BLUNT RECENT CHARGES THAT CURRENT FRG
ECONOMIC POLICIES ARE NOT COMPATIBLE WITH EFFORTS NEEDED
TO STIMULATE THE WORLD ECONOMY, OFFICIALS IN THE FRG HAVE
LATELY STRESSED PREVIOUS GERMAN CONTRIBUTIONS TO THE
ECONOMIC RECOVERY. OFFICIALS HAVE DRAWN ATTENTION
ESPECIALLY TO THEIR IMPORT GROWTH RECORD OF THE PAST
SEVERAL YEARS AS A MEASURE OF THE STIMULUS PROVIDED
TO OTHERS BY THE GERMAN ECONOMY AND IN PARTICULAR
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 BONN 03408 01 OF 03 241730Z

HAVE DRAWN COMPARISONS OF FRG IMPORT GROWTH VIS-A-VIS
OTHER "STRONG" COUNTRIES, E.G., THE U.S. AND JAPAN.

2. ECONOMICS MINISTRY STATE SECRETARY ROHWEDDER WAS
THE FIRST TO GO PUBLIC WITH THE IMPORT GROWTH ANALYSIS
(SEE BONN 2674 FOR COMPLETE ANALYSIS). HIS CONCLUSION
WAS THAT, SINCE IN THE 1975/1976 PERIOD GERMAN IMPORT

GROWTH (NOMINAL 8 PERCENT GROWTH IN 1975 BASED ON IMPORT FIGURES EXPRESSED IN CURRENT DOLLARS) FAR OUTSTRIPPED IMPORT GROWTH IN THE U.S. (-4 PERCENT) AND JAPAN (-7 PERCENT), MORE EXPANSIONARY MEASURES MAY BE APPROPRIATE IN THE U.S. AND JAPAN, BUT THEY ARE NOT IN THE FRG.

3. THIS THEME HAS SUBSEQUENTLY BEEN DRAWN UPON BY OTHER GOVERNMENT SPOKESMEN INCLUDING FINANCE MINISTER APEL (SEE BONN 3038). MOST RECENTLY THE BUNDESBANK ADDED THIS ISSUE TO ITS OTHER ARGUMENTS AGAINST ADDITIONAL EXPANSION. IN ITS FEBRUARY 1977 MONTHLY REPORT, THE BUNDESBANK COMPARES REAL IMPORT GROWTH RATES (AS OPPOSED TO ROHWEDDER'S IMPORT VALUE ANALYSIS) IN SELECTED COUNTRIES FOR 1976 AS COMPARED TO 1975 AND FOR THE PERIOD 1972-1976. THE TABLE BELOW IS REPRODUCED FROM THE FEBRUARY BUNDESBANK REPORT.

IMPORTS OF SELECTED INDUSTRIAL COUNTRIES
IN CONSTANT PRICES (CHANGES IN PERCENT)

COUNTRY	1976 P) OVER 1975	1976 P) OVER 1972
FRG	16.4	25.0
FRANCE	22.0	36.3
CANADA	7.1	29.3
JAPAN	12.0	27.2
NETHERLANDS	8.1	11.6
UNCLASSIFIED		

UNCLASSIFIED

PAGE 03 BONN 03408 01 OF 03 241730Z

UNITED STATES	20.8	10.1
ITALY	15.6	9.1
GREAT BRITAIN	6.0	5.6
SWITZERLAND	13.6	1.9

SOURCE: NATIONAL STATISTICS

P) PRELIMINARY

4. THE CONCLUSIONS TO BE DRAWN OBVIOUSLY DEPEND ON THE BASE PERIOD. THUS, FOR EXAMPLE, THE 1976/1975 GROWTH RATE OF REAL IMPORT GROWTH IS LARGER FOR THE U.S. THAN FOR THE FRG, WHILE THE 1972-1976 COMPARISON IS MORE FAVORABLE TO THE FRG. IN A COMPARISON OF THE FRG AND JAPAN, THE OPPOSITE IS TRUE, HOWEVER.

5. COMMENT: A FUNDAMENTAL CONCEPTUAL POINT TO BE CONSIDERED IN EVALUATING THE FRG'S REASONING IS WHETHER GROWTH OF IMPORTS OR THE CURRENT ACCOUNT BALANCE IS THE MORE VALID INDICATOR OF GERMANY'S CONTRIBUTION TO

GROWTH IN OTHER ECONOMIES. HOWEVER, EVEN SETTING THIS
ASIDE, COMPARISONS CAN BE MADE TO LOOK MORE OR LESS

UNCLASSIFIED

NNN

UNCLASSIFIED

PAGE 01 BONN 03408 02 OF 03 241731Z
ACTION EUR-12

INFO OCT-01 EA-09 ISO-00 SP-02 USIA-15 AID-05 EB-08 NSC-05
SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00 FRB-01
INR-07 NSAE-00 XMB-04 OPIC-06 LAB-04 SIL-01 L-03
IGA-02 /106 W

-----241742 030350 /41

R 241717Z FEB 77
FM AMEMBASSY BONN
TO SECSTATE WASHDC 5904
DEPARTMENT TREASURY
INFO USMISSION OECD PARIS
USMISSION EC BRUSSELS
AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY TOKYO

UNCLAS SECTION 02 OF 03 BONN 03408

FAVORABLE DEPENDING ON WHETHER A VALUE OR VOLUME BASIS
IS SELECTED, WHICH CURRENCY -- DOLLAR OR DEUTSCHEMARK --
IS USED TO DENOMINATE IMPORTS IN A COMPARISON ON VALUE
TERMS AND ESPECIALLY THE INTERVAL SELECTED.

6. THE TABLE BELOW, WHICH COMPARES FRG AND U.S. IMPORT
VOLUMES
FROM 1970-1976, CLEARLY ILLUSTRATES THE IMPORTANCE
OF THE LATTER.

IMPORTS IN CONSTANT PRICES

1970 1971 1972 1973 1974 1975 1976P)

FRG 100.0 110.6 121.8 129.2 127.4 130.7 152.1

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 BONN 03408 02 OF 03 241731Z

U.S. 100.0 108.6 123.3 130.9 126.6 112.1 135.4

SOURCE: INTERNATIONAL FINANCIAL STATISTICS

PERCENT INCREASE

	FRG	U.S.
1976/1975	16.4	20.8
1976/1972	25.1	9.8
1976/1971	37.5	24.7
1976/1970	52.1	35.4

7. FROM 1970 TO 1974 REAL IMPORT GROWTH WAS VIRTUALLY IDENTICAL IN THE U.S. AND FRG, GROWING BY 26.6 AND 27.4 PERCENT, RESPECTIVELY. THE 1976/1975 GROWTH RATE, AS PREVIOUSLY MENTIONED, FAVORS THE U.S. IN FACT THE ONLY CONSECUTIVE YEAR-OVER-YEAR COMPARISON WHICH OVERWHELMINGLY IS IN THE FRG'S FAVOR IS THE 1975/1974 PERIOD.

8. LIKEWISE WHEN ANALYSING IMPORT GROWTH ON A CURRENT PRICE BASIS, THE BASE PERIOD SELECTED IS A PRIME DETERMINING FACTOR. THE TABLE BELOW SHOWS FRG AND U.S. IMPORT GROWTH EXPRESSED IN CURRENT DOLLARS.

IMPORT IN CURRENT PRICES
(BILLIONS OF DOLLARS)

	1970	1971	1972	1973	1974	1975	1976
FRG	29.8	34.3	40.4	54.9	69.6	74.9	88.2
U.S.	42.5	48.5	58.9	73.6	108.0	103.4	128.0

SOURCE: INTERNATIONAL FINANCIAL STATISTICS

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 BONN 03408 02 OF 03 241731Z

PERCENT INCREASE

	FRG	U.S.
1976/1970	196.0	201.1

UNCLASSIFIED

NNN

UNCLASSIFIED

PAGE 01 BONN 03408 03 OF 03 241731Z
ACTION EUR-12

INFO OCT-01 EA-09 ISO-00 SP-02 USIA-15 AID-05 EB-08 NSC-05
SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00 FRB-01
INR-07 NSAE-00 XMB-04 OPIC-06 LAB-04 SIL-01 L-03
IGA-02 /106 W
-----241739 030364 /41

R 241717Z FEB 77
FM AMEMBASSY BONN
TO SECSTATE WASHDC 5905
DEPARTMENT TREASURY
INFO USMISSION OECD PARIS
USMISSION EC BRUSSELS
AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY TOKYO

UNCLAS SECTION 03 OF 03 BONN 03408

1976/1972	118.3	117.3
1976/1974	26.7	18.5
1976/1975	17.8	23.8

9. AGAIN, USING THIS BASIS, THE U.S. GROWTH RATE IN
THE 1976/1975 PERIOD IS LARGER AND IN FACT FOR THE
LONGER PERIOD 1970-1976 THE NUMBERS FAVOR THE U.S. AS
OPPOSED TO RESULTS USING VOLUME FIGURES. THUS, DEPENDING
ON THE BASE CRITERION, IT WOULD APPEAR THAT POINTS
CAN BE SCORED BY EITHER SIDE IN THIS NUMBERS GAME.
STOESSEL

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESS COMMENTS, TRADE PROMOTION, IMPORTS, FOREIGN INVESTMENT, ECONOMIC GROWTH, ECONOMIC PROGRAMS
Control Number: n/a
Copy: SINGLE
Sent Date: 24-Feb-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977BONN03408
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770064-0715
Format: TEL
From: BONN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770215/aaaaamsv.tel
Line Count: 269
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: f974c1bf-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 77 BONN 2674, 77 BONN 3038
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 01-Oct-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3245378
Secure: OPEN
Status: NATIVE
Subject: INTERNATIONAL COMPARISON OF IMPORT GROWTH: IT DEPENDS ON WHAT BASE PERIOD YOU USE
TAGS: EFIN, GE
To: STATE TRSY
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/f974c1bf-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009